

5.4 Effects on Other Taxing Jurisdictions

Although cities, villages and towns are responsible for creating TIDs, other taxing jurisdictions are also involved in financing a TID. Counties, school districts, technical college districts, metropolitan sewer/town sanitary districts and lake protection and rehabilitation districts are all involved in TIF funding through their property tax levies collections. It is very important for the officials in these districts to understand how the use of TIF in their districts will affect their powers to tax, and the resulting tax collections. This section discusses the effects that TIDs have on local government revenues. More information can be found in the Legislative Fiscal Bureau's [TIF Information Paper](#) and [here from DOR](#).

School Districts

In many areas the school levy represents the biggest portion of the local property tax bill, so it is not a surprise that a large portion of tax increment revenues comes from the school levy. This doesn't mean that schools don't get the money they need, however. The school levy that goes toward the tax increment is levied on top of the taxes they need to operate. The school levy is subject to the revenue caps, but within those constraints the schools get all the money they require. The tax increment makes the levy higher than it would otherwise be, but only for as long as the district has a TID in it. Once the TID is closed the larger tax base can help to reduce the tax burden on district residents.

The state equalization aid formulas also take into consideration the amount of property a district has in TIDs, and makes adjustments accordingly. Beginning in 1993-94 the increment value in a school district was not included in the property value that went into the formula. This change maintained the distribution of aids, while helping to preserve the funds available through this state aid program. For more information see the [LFB paper](#) on TIF.

Technical College Districts

The state aids to technical college districts work the same way that aids to the K-12 school districts work. Aid payments are based on equalized value per pupil, and the value increment in the taxing jurisdiction is not counted towards the equalized value in that formula. This contributes to replacing the revenue that would have been generated by that portion of the property value.

Like all other taxing jurisdictions, if the growth that a TID assists would not have occurred without that assistance, then the district is being helped financially by TIF. Despite having temporarily larger levies, the tax burden is being reduced or maintained over the long term. That means tax payers will pay less than they might otherwise have paid to the district.

County Governments

Counties receive aid from the state like school districts. But, unlike these other aid formulas, in recent years the county aid formula has been frozen and is no longer an "equalizing" aid formula. This means it does not attempt to compensate for differences

in property wealth between taxing districts. Therefore, these aid payments will not have an effect of replacing aid lost to tax increments. Like other districts, however, the counties are benefiting in the long run if the development that TIF is helping would not have happened without it. When this is the case, the tax base expands and the tax burden is kept under control.

Special Districts

In Wisconsin, voters can choose to form special taxing jurisdictions for certain purposes. These purposes include lake protection and rehabilitation, sewer management, and sanitary services. These districts are not paid state aids, and therefore depend entirely on their taxable property to generate revenue. When TIDs are created, new growth is removed from the general tax roll because that value increment is used to fund the growth. But, like other districts, if the growth had not happened without TIF assistance, then the district and its taxpayers are better off with the TID, because the tax base will expand and help keep the tax burden under control.